

**MEMORANDUM**

**TO: Commissioners Hardy, Hadley, Landis, Server and Ziegner**

**FROM: Jerry L. Webb, Director of Gas/Water/Sewer Division**

**DATE: April 13, 2006**

**RE: Utility Articles for Next Conference**

The following Final Article A Preliminary Article A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after April 20, 2006.

**“A” Final**

The following new miscellaneous item will be eligible for final consideration at the next Commission Conference and based upon a review of it by staff members of the Commission, I recommend approval.

**1. Indiana Michigan Power Company, d/b/a American Electric Power**

The Utility has submitted for Commission review a request for approval to restore the fiscal Year 6 net merger savings reduction rider factors following the third quarter reconciliation pursuant to the Commission's April 26, 1999 Order in Cause No. 41210 relating to the merger of American Electric Power Company, Inc. and Central and South West Corporation (Order). The fiscal Year 6 required rate reductions were temporarily adjusted for the February through April 2006 billing months for the reconciliation of fiscal Year 5.

The Settlement Agreement in Cause No. 41210 specified that the annual bill reduction amounts would be allocated to rate classes based upon total revenues, excluding fuel cost adjustment, and credited to customers' bills through the application of a per kilowatt-hour (kWh) factor specific to each rate class. The Agreement also stated that each individual year's bill reduction would apply for a twelve-month period except for an adjustment during each third quarter to reconcile actual kWh sales and projected kWh sales for the prior year.

As also described in I&M's testimony in Cause No. 41210, prior to the beginning of each fiscal year following consummation of the merger, I&M will make a 30-day filing to establish the net merger savings reduction rider factors to effect that fiscal year's customer bill reduction. Prior to the third quarter of each fiscal year (except the first fiscal year), a 30-day filing will be made to establish the adjustment to the riders, to reconcile actual kWh sales and projected kWh sales for the prior fiscal year. The adjusted rider factors will be in effect for the seventh through the ninth billing months of each fiscal year (except the first fiscal year). The Company will make a separate 30-day filing prior to the conclusion of the third quarter reconciliation period, that returns factors to the current fiscal year unadjusted levels following the reconciliation period. This process will be repeated annually through the reconciliation of the eighth fiscal year. The last reconciled reduction will continue to apply in years following the end of the eighth fiscal year until I&M's Indiana base rates are changed.

Attachment B to the Utility's filing provided the calculations of the proposed AEP/CSW net merger savings reduction rider factors.

The tariff sheets affected by this filing for the remaining billing months of fiscal Year 6 are:

Eleventh Revised Sheet No. 19  
Eleventh Revised Sheet No. 19.1  
Tenth Revised Sheet No. 21  
Eleventh Revised Sheet No. 22  
Eleventh Revised Sheet No. 23.1  
Fifth Revised Sheet No. 31.

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.

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Jerry L. Webb  
Director of Gas/Water/Sewer Division

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I approve of all items as presented above:

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I approve of all items as presented above except:

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Not participating in the following items:

I, \_\_\_\_\_ , Disapprove Items

No.

I, \_\_\_\_\_ , Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

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Acting Executive Secretary

### **“A” Preliminary**

The following new miscellaneous item has been reviewed by staff members of the Commission and we recommend accepting it for filing.

#### **1. Corydon Municipal Water Utility**

The utility is proposing to increase the connection (tap-on) charge for a 5/8 inch meter from \$370.00 to \$800.00. The reason for this increase is due to increases in labor and material costs. Cost support has been provided. The tap-on charge for a meter larger than 5/8" shall be the actual cost of materials and installing the tap, but shall not be less than the charge of a 5/8" meter tap. Cost support has been provided.

<b>Description</b>	<b>Current Charge</b>	<b>Proposed Charge</b>
Connection Charge 5/8" meter	\$370.00	\$800.00
Connection Charge larger than 5/8"	Cost not less than \$370.00	Cost not less than \$800.00

The tariff page affected by this filing is page 2 of 2.

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Jerry L. Webb  
Director of Gas/Water/Sewer Division